

# State of California



## Fair Political Practices Commission

P.O. BOX 807 • SACRAMENTO, 95804 • • • 1100 K STREET BUILDING, SACRAMENTO, 95814

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(916) 322-5662

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322-5660

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• • Enforcement • •  
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• • Statements of Economic Interest  
322-6444

February 21, 1985

Honorable Frank Hill  
California State Assembly  
State Capitol  
Sacramento, CA 95814

Re: Your Request for Advice  
Our No. A-85-044

Dear Assemblyman Hill:

I am writing in response to your recent inquiry regarding reduced office rents for your legislative district office. As presented in your letter the facts are as follows.

The state provides you with a certain amount of funds for the purpose of renting office space for your district office. At the going rental rate, the funds are not sufficient for you to rent the amount of office space which your district office requires. Your office's landlord, J. D. Lusk & Sons, has agreed to provide the needed additional space without increasing your monthly rent in order to stay within the state's rental allocation.

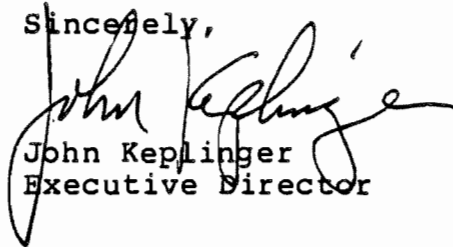
You have received a copy of our letter to Senator Marian Bergeson in which we advised her that reduced rent for a legislative district office would constitute a gift to the State of California and would not require reporting by either the Legislator or the donating landlord. Your circumstances are the same as Senator Bergeson's. The increased space at no charge effectively is reduced rental rate for all of the space. Our advice to you is the same as to her. As to your related question of whether the landlord may claim the rent differential as a donation to the state, we are unable to provide advice on that subject as it would appear you are referring to tax matters which are beyond our purview. We would suggest that your landlord contact the IRS and the Franchise Tax Board in that regard.

Honorable Frank Hill  
February 21, 1985  
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Lastly, there is the matter of the apparently conflicting advice which you say was rendered to Ms. Joyce Polak of J. D. Lusk & Sons. That advice was based upon Ms. Polak's statements to our staff that they were making a "contribution" to a legislator for office space. It was our staff's understanding that this office space was for campaign use, in which case its donation would, in fact, represent a reportable "contribution." It was only later, when your office called, that we became apprised of the fact that the donated office space was for your legislative district office and not for campaign purposes.

I hope that this letter has clarified our advice in this situation. Should your office have further questions, please feel free to call upon us.

Sincerely,



John Keplinger  
Executive Director

JK:REL:plh

STATE CAPITOL  
Sacramento, CA 95814  
(916) 445-7550

DISTRICT OFFICE  
15111 E. Whittier Blvd. - No. 985  
Whittier, CA 90603  
(213) 945-7681

Assembly  
California Legislature

COMMITTEES:  
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FRANK HILL  
ASSEMBLYMAN, FIFTY-SECOND DISTRICT

Serving the cities & communities of Whittier, Hacienda Heights,  
La Mirada, La Habra Heights, Rowland Heights, Walnut, Diamond Bar, West Covina

February 6, 1985

Mr. John Keplinger  
Executive Director  
Fair Political Practices Commission  
Post Office Box 807  
Sacramento, CA 95804

Dear Mr. Keplinger:

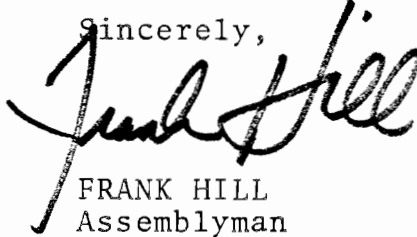
I have recently acquired additional office space in my District Office in Whittier. However, my landlord, J. D. Lusk & Sons, has agreed to provide this additional space without increasing my monthly rent in order to meet the state's office rental allocation. I understand, from conversations with your office, that the FPPC considers this a gift to the state and that no reporting is required by either party. In fact, I was advised that my situation may very closely parallel that of Senator Bergeson's as described in the attached letters forwarded by your office. However, I have recently learned that Ms. Joyce Polak of J. D. Lusk & Sons was advised by the FPPC that the company must report the equivalent of the fair market value of this additional space as an in-kind contribution to my campaign committee. Obviously, there is some confusion.

If a landlord leases office space to a legislator and the contract identifies the State of California or the legislator as the lessee, must the landlord and/or the legislator report this additional space as an in-kind contribution? If current law requires such a report, does this constitute a state or campaign contribution? Finally, if this type of arrangement is viewed as a gift to the State of California, does this preclude the landlord from reporting the monthly rental rate for the additional space as a contribution to the state?

Mr. John Keplinger  
February 5, 1985  
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Your counsel in this matter is most appreciated. Please feel free to call Cindy Judy in my Capitol Office should you have any questions.

Sincerely,

A handwritten signature in dark ink, appearing to read "Frank Hill". The signature is fluid and cursive, with the first name "Frank" and last name "Hill" clearly distinguishable.

FRANK HILL  
Assemblyman

FH:cij  
enclosures:2  
cc: Ms. Joyce Polak  
Mr. Steve Vaccariello